

Pathway Senior Living

MEMORANDUM

TO: Mary Levine, Acting General Counsel
Norm Harrod, Allocations Manager

FROM: Chris Block

DATE: May 3, 2007

RE: Comments on Qualified Allocation Plan

The Lottery should be eliminated. There are several reasons:

1. Housing Credits are the most vital resource in the creation and/or preservation of affordable housing. That resource should not be directed to projects based on chance.
2. Due to the multiple layers of review under the Lottery process, the processing of applications takes significantly longer.
3. Due to the uncertainty of the Lottery, developers are forced to submit more deals than in the past since they cannot truly gauge the competitiveness of any one project, other than the fact that it will make it past the initial scoring threshold. From the Developer's perspective, each application carries expenses that a developer would not need to expend if they had one or two deals that were relatively certain to be approved. From MSHDA's perspective, an overall increase in the number of applications exacerbates issue #2 above.
4. Since the inception of the lottery, projects are being approved with lower scores than has been the case for several years. Assuming MSHDA continues to believe that the scoring categories contained within the QAP represent valuable project/site/developer criteria, the projects being approved under the Lottery are less valuable to the residents of the state than those approved in past years.

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Comments on Scoring Categories:

Tax Abatement

Presumably it is perceived that a PILOT is more achievable with an Elderly project, and in some cases I'm sure that is true. However, to give 10 points to a Family deal and 5 points to an Elderly deal for the provision of similar PILOT ordinances seems to overstate the differential in difficulty. Some areas are agreeable to PILOTs of all kinds and some areas are opposed to PILOTs of all kinds, whether they the Project is Family or Elderly. The differential in scoring should be 10-8 (10 for Family, 8 for Elderly) or 10-7 instead of 10-5.

Low Income Targeting

The targeting that the matrix requires for the maximum 50 points is extremely low; much lower than most of the neighboring states. When combined with the Statewide Median Income criteria, it is particularly onerous to areas such as Wayne and Oakland counties. One of two things could lessen the impact: (1) Remove the need to adhere to Statewide Median Income rents for scoring purposes, allowing for projects in higher income areas to charge the rents that Sec. 42 allows, or (2) Adjust the matrix so that higher AMI units can earn maximum points. For example, currently the upper left hand corner of the matrix awards 25 points for 50% of the units @ 50% AMI. If you were to make 50% @ 50% AMI worth 30 points, and make adjustments accordingly throughout the matrix, you would still be meeting your desire to serve Very Low income residents, but it would remove the extreme financial pressure currently placed on all 9% deals.

Affirmative Fair Housing Marketing Plan

A plan acceptable to MSHDA should be on the Closing Checklist, but not a Scoring Category.